

**STRONGSVILLE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

STRONGSVILLE CITY SCHOOL DISTRICT

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	2 - 3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types	5 - 6
Statement of Revenues, Expenditures, and Changes in Retained Earnings - All Proprietary Fund Types	7
Combined Statements of Cash Flows - All Proprietary Fund Types	8
Notes to the General Purpose Financial Statements	9 - 35
Schedule of Federal Awards Expenditures	36 - 37
Notes to the Schedule of Federal Awards Expenditures	38
Report on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	39 - 40
Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	41 - 42
Schedule of Findings	43 - 44
Data Collection Form	45 - 48



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Members of the Board of Education  
Strongsville City School District  
Cuyahoga County  
13200 Pearl Road  
Strongsville, Ohio 44136

We have audited the accompanying general-purpose financial statements of the Strongsville City School District, Cuyahoga County, Ohio, (the District), as of and for the year ended June 30, 1999 as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audits of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Jim Petro".

**JIM PETRO**  
Auditor of State

December 3, 1999

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits</u>				
Pooled cash and equivalents	\$ 11,452,088	\$ 1,004,832	\$ 2,510,212	\$ 3,037,389
Receivables				
Taxes, current	35,317,018	-	2,956,387	-
Taxes, delinquent	1,605,648	-	136,667	-
Accounts and other	5,726	-	-	-
Due from other governments	19,758	6,299	-	-
Interfund receivable	700	-	-	-
Due from other funds	-	-	3,000	-
Inventories and supplies	-	-	-	-
Restricted cash	607,649	-	-	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Amount available for debt service	-	-	-	-
Amount to be provided for debt service	-	-	-	-
Amount to be provided for benefits	-	-	-	-
<b>Total assets and other debits</b>	<b>\$ 49,008,587</b>	<b>\$ 1,011,131</b>	<b>\$ 5,606,266</b>	<b>\$ 3,037,389</b>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
\$ 388,161	\$ 24,339	\$ 154,918	\$ -	\$ -	\$ 18,571,939
-	-	-	-	-	38,273,405
-	-	-	-	-	1,742,315
-	-	583	-	-	6,309
26,313	-	-	-	-	52,370
-	-	-	-	-	700
-	-	-	-	-	3,000
25,577	-	-	-	-	25,577
-	-	-	-	-	607,649
441,701	2,195	-	60,623,227	-	61,067,123
(263,129)	(558)	-	-	-	(263,687)
-	-	-	-	-	2,826,713
-	-	-	-	28,498,029	28,498,029
-	-	-	-	5,730,900	5,730,900
\$ 618,623	\$ 25,976	\$ 155,501	\$ 60,623,227	\$ 37,055,642	\$ 157,142,342

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, fund equity and other credits</u>				
<u>Liabilities</u>				
Accounts and contracts payable	\$ 344,507	\$ 64,367	\$ -	\$ 120,663
Accrued salaries and benefits	4,008,225	107,845	-	-
Due to students	-	-	-	-
Due to other funds	-	-	-	3,000
Due to other governments	848,749	19,684	-	-
Interfund payable	-	-	-	-
Deferred revenue	33,239,465	-	2,779,553	-
Bonds payable	-	-	-	-
Compensated absences	127,328	-	-	-
<b>Total liabilities</b>	<b>38,568,274</b>	<b>191,896</b>	<b>2,779,553</b>	<b>123,663</b>
<u>Fund equity and other credits</u>				
Investment in general fixed assets	-	-	-	-
Retained earnings				
Unreserved	-	-	-	-
Fund balances				
Reserved for property tax	3,683,201	-	313,501	-
Reserved for budget stabilization	607,649	-	-	-
Reserved for debt service	-	-	2,513,212	-
Reserved for encumbrances	1,875,657	116,286	-	245,294
Unreserved	4,273,806	702,949	-	2,668,432
<b>Total fund equity and other credits</b>	<b>10,440,313</b>	<b>819,235</b>	<b>2,826,713</b>	<b>2,913,726</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 49,008,587</b>	<b>\$ 1,011,131</b>	<b>\$ 5,606,266</b>	<b>\$ 3,037,389</b>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
\$ 22,640	\$ 509	\$ 13,898	\$ -	\$ -	\$ 566,584
79,859	-	-	-	-	4,195,929
-	-	140,903	-	-	140,903
-	-	-	-	-	3,000
55,787	-	-	-	442,700	1,366,920
-	-	700	-	-	700
21,309	-	-	-	-	36,040,327
-	-	-	-	31,324,742	31,324,742
26,287	-	-	-	5,288,200	5,441,815
205,882	509	155,501	-	37,055,642	79,080,920
-	-	-	60,623,227	-	60,623,227
412,741	25,467	-	-	-	438,208
-	-	-	-	-	3,996,702
-	-	-	-	-	607,649
-	-	-	-	-	2,513,212
-	-	-	-	-	2,237,237
-	-	-	-	-	7,645,187
412,741	25,467	-	60,623,227	-	78,061,422
\$ 618,623	\$ 25,976	\$ 155,501	\$ 60,623,227	\$ 37,055,642	\$ 157,142,342

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1999

	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 36,617,097	\$ -	\$ 3,159,773	\$ -
Tuition and fees	124,581	698,128	-	-
Interest	769,279	13,950	146,090	238,043
Intergovernmental	11,606,008	1,172,498	360,219	-
Extracurricular	-	276,694	-	-
Miscellaneous	81,429	86,168	-	-
Total revenues	<u>49,198,394</u>	<u>2,247,438</u>	<u>3,666,082</u>	<u>238,043</u>
Expenditures				
Current				
Instruction				
Regular	26,548,562	235,304	-	443,499
Special	1,989,633	649,651	-	-
Vocational education	321,739	-	-	-
Adult continuing	-	22,658	-	-
Other	984,844	-	-	-
Supporting services				
Pupil	1,904,284	214,662	-	-
Instructional	2,243,853	175,356	-	-
Board of education	25,148	-	-	-
Administration	2,439,865	33,303	-	-
Fiscal	4,001,184	-	44,438	-
Business	432,761	-	-	-
Operation and maintenance	3,555,435	1,788	-	683,682
Pupil transportation	2,417,414	-	-	-
Central services	313,341	14,821	-	-
Operation of non-instructional services				
Community services	-	383,360	-	-
Extracurricular				
Academic oriented	-	581	-	-
Sports oriented	193,750	226,341	-	-
Capital outlay	-	-	-	4,379,403
Debt service				
Principal	-	-	1,430,000	-
Interest	-	-	1,678,923	-
Total expenditures	<u>47,371,813</u>	<u>1,957,825</u>	<u>3,153,361</u>	<u>5,506,584</u>
Excess (deficiency) of revenues over expenditures	<u>1,826,581</u>	<u>289,613</u>	<u>512,721</u>	<u>(5,268,541)</u>
Other financing sources (uses)				
Gain (loss) on sale of assets	8,352	-	-	-
Operating transfers-in	18,164	612,917	-	200,000
Operating transfers-out	(863,713)	(23,031)	-	(50,000)
Total other financing sources (uses)	<u>(837,197)</u>	<u>589,886</u>	<u>-</u>	<u>150,000</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>989,384</u>	<u>879,499</u>	<u>512,721</u>	<u>(5,118,541)</u>
Fund balances, beginning of year	9,450,929	(60,264)	2,313,992	8,032,267
Fund balances, end of year	<u>\$ 10,440,313</u>	<u>\$ 819,235</u>	<u>\$ 2,826,713</u>	<u>\$ 2,913,726</u>

The accompanying notes are an integral part of these financial statements.



Totals  
(Memorandum Only)

\$ 39,776,870  
822,709  
1,167,362  
13,138,725  
276,694  
167,597

---

55,349,957

27,227,365  
2,639,284  
321,739  
22,658  
984,844

2,118,946  
2,419,209  
25,148  
2,473,168  
4,045,622  
432,761  
4,240,905  
2,417,414  
328,162

383,360

581  
420,091  
4,379,403

1,430,000  
1,678,923

---

57,989,583

(2,639,626)

8,352  
831,081  
(936,744)

---

(97,311)

(2,736,937)

19,736,924

---

\$ 16,999,987

---

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) -  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1999

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 35,304,970	\$ 35,268,705	\$ (36,265)
Tuition and fees	86,000	124,911	38,911
Interest	681,050	763,030	81,980
Intergovernmental	11,003,978	11,590,014	586,036
Extracurricular	-	-	-
Miscellaneous	132,520	116,471	(16,049)
Total revenues	47,208,518	47,863,131	654,613
Expenditures			
Current			
Instruction			
Regular	26,447,444	26,416,178	31,266
Special	1,987,346	1,982,527	4,819
Vocational education	322,687	321,062	1,625
Adult continuing	-	-	-
Other	1,887,408	1,886,807	601
Supporting services			
Pupil	1,945,904	1,941,540	4,364
Instructional	2,322,980	2,314,710	8,270
Board of education	38,990	29,072	9,918
Administration	2,734,503	2,712,968	21,535
Fiscal	3,899,322	3,889,214	10,108
Business	462,080	456,180	5,900
Operation and maintenance	4,063,159	4,058,438	4,721
Pupil transportation	2,587,713	2,572,086	15,627
Central services	338,599	333,047	5,552
Non-instructional services			
Community services	-	-	-
Extracurricular			
Academic oriented	-	-	-
Sports oriented	190,008	190,006	2
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	49,228,143	49,103,835	124,308
Excess (deficiency) of revenues over expenditures	(2,019,625)	(1,240,704)	778,921
Other financing sources (uses)			
Gain on sale of assets	12,430	8,352	(4,078)
Operating transfers-in	59,257	22,524	(36,733)
Advances-in	248,000	139,155	(108,845)
Refund of prior year expenditures	50,000	42,127	(7,873)
Advances-out	(139,855)	(139,855)	-
Refund of prior year receipts	-	-	-
Operating transfers-out	(208,906)	(208,906)	-
Total other financing sources (uses)	20,926	(136,603)	(157,529)
Excess (deficiency) of revenues over expenditures and other sources (uses)	(1,998,699)	(1,377,307)	621,392
Prior year encumbrances	2,724,712	2,724,712	-
Fund balances, beginning of year	8,452,788	8,452,788	-
Fund balances, end of year	\$ 9,178,801	\$ 9,800,193	\$ 621,392

The accompanying notes are an integral part of these financial statements.

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 3,100,000	\$ 3,082,430	\$ (17,570)
800,000	698,128	(101,872)	-	-	-
14,340	14,116	(224)	150,000	144,125	(5,875)
1,269,700	1,242,917	(26,783)	360,000	360,219	219
314,733	276,694	(38,039)	-	-	-
150,272	86,168	(64,104)	-	-	-
2,549,045	2,318,023	(231,022)	3,610,000	3,586,774	(23,226)
557,592	377,552	180,040	-	-	-
737,509	649,624	87,885	-	-	-
-	-	-	-	-	-
29,330	23,244	6,086	-	-	-
-	-	-	-	-	-
276,702	220,516	56,186	-	-	-
203,395	180,867	22,528	-	-	-
-	-	-	-	-	-
40,689	35,481	5,208	-	-	-
-	-	-	44,439	44,438	1
-	-	-	-	-	-
1,788	1,788	-	-	-	-
-	-	-	-	-	-
14,853	14,821	32	-	-	-
426,607	397,779	28,828	-	-	-
84,000	13,950	70,050	-	-	-
358,425	233,821	124,604	-	-	-
-	-	-	-	-	-
-	-	-	1,430,000	1,430,000	-
-	-	-	1,678,923	1,678,923	-
2,730,890	2,149,443	581,447	3,153,362	3,153,361	1
(181,845)	168,580	350,425	456,638	433,413	(23,225)
-	-	-	-	-	-
57,596	197,869	140,273	-	-	-
35,000	35,000	-	-	-	-
-	-	-	-	-	-
(35,000)	(35,000)	-	-	-	-
(28,664)	(28,664)	-	-	-	-
(22,556)	(22,556)	-	-	-	-
6,376	146,649	140,273	-	-	-
(175,469)	315,229	490,698	456,638	433,413	(23,225)
98,865	98,865	-	-	-	-
410,075	410,075	-	2,068,751	2,068,751	-
\$ 333,471	\$ 824,169	\$ 490,698	\$ 2,525,389	\$ 2,502,164	\$ (23,225)

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) -  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1999

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ -	\$ -	\$ -
Tuition and fees	-	-	-
Interest	261,802	261,070	(732)
Intergovernmental	-	-	-
Extracurricular	-	-	-
Miscellaneous	-	-	-
Total revenues	261,802	261,070	(732)
Expenditures			
Current			
Instruction			
Regular	570,548	497,611	72,937
Special	-	-	-
Vocational education	-	-	-
Adult continuing	-	-	-
Other	-	-	-
Supporting services			
Pupil	-	-	-
Instructional	424	424	-
Board of education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Business	-	-	-
Operation and maintenance	882,704	876,873	5,831
Pupil transportation	-	-	-
Central services	-	-	-
Non-instructional services			
Community services	-	-	-
Extracurricular			
Academic oriented	-	-	-
Sports oriented	-	-	-
Capital outlay	6,061,221	5,501,163	560,058
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	7,514,897	6,876,071	638,826
Excess (deficiency) of revenues over expenditures	(7,253,095)	(6,615,001)	638,094
Other financing sources (uses)			
Gain on sale of assets	-	-	-
Operating transfers-in	-	-	-
Advances-in	-	-	-
Refund of prior year expenditures	-	-	-
Advances-out	-	-	-
Refund of prior year receipts	-	-	-
Operating transfers-out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	(7,253,095)	(6,615,001)	638,094
Prior year encumbrances	5,340,919	5,340,919	-
Fund balances, beginning of year	3,933,820	3,933,820	-
Fund balances, end of year	\$ 2,021,644	\$ 2,659,738	\$ 638,094

The accompanying notes are an integral part of these financial statements.

Totals  
(Memorandum Only)

Budget	Actual	Variance Favorable (Unfavorable)
\$ 38,404,970	\$ 38,351,135	\$ (53,835)
886,000	823,039	(62,961)
1,107,192	1,182,341	75,149
12,633,678	13,193,150	559,472
314,733	276,694	(38,039)
282,792	202,639	(80,153)
53,629,365	54,028,998	399,633
27,575,584	27,291,341	284,243
2,724,855	2,632,151	92,704
322,687	321,062	1,625
29,330	23,244	6,086
1,887,408	1,886,807	601
2,222,606	2,162,056	60,550
2,526,799	2,496,001	30,798
38,990	29,072	9,918
2,775,192	2,748,449	26,743
3,943,761	3,933,652	10,109
462,080	456,180	5,900
4,947,651	4,937,099	10,552
2,587,713	2,572,086	15,627
353,452	347,868	5,584
426,607	397,779	28,828
84,000	13,950	70,050
548,433	423,827	124,606
6,061,221	5,501,163	560,058
1,430,000	1,430,000	-
1,678,923	1,678,923	-
62,627,292	61,282,710	1,344,582
(8,997,927)	(7,253,712)	1,744,215
12,430	8,352	(4,078)
116,853	220,393	103,540
283,000	174,155	(108,845)
50,000	42,127	(7,873)
(174,855)	(174,855)	-
(28,664)	(28,664)	-
(231,462)	(231,462)	-
27,302	10,046	(17,256)
(8,970,625)	(7,243,666)	1,726,959
8,164,496	8,164,496	-
14,865,434	14,865,434	-
\$ 14,059,305	\$ 15,786,264	\$ 1,726,959

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1999

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating revenues			
Tuition and fees	\$ 288,602	\$ 5,803	\$ 294,405
Miscellaneous	281,118	16,340	297,458
Charges for services	1,150,850	-	1,150,850
Total operating revenues	1,720,570	22,143	1,742,713
Operating expenses			
Salaries and wages	539,269	-	539,269
Fringe benefits	244,233	-	244,233
Contractual services	69,495	-	69,495
Materials and supplies	908,853	10,893	919,746
Other expenses	214,562	520	215,082
Depreciation	7,383	439	7,822
Total operating expenses	1,983,795	11,852	1,995,647
Operating income (loss)	(263,225)	10,291	(252,934)
Nonoperating revenues (expenses)			
Interest	9,306	-	9,306
Intergovernmental	219,920	-	219,920
Total nonoperating revenues	229,226	-	229,226
Income (loss) before operating transfers	(33,999)	10,291	(23,708)
Operating transfers			
Operating transfers-in	105,663	-	105,663
Total operating transfers	105,663	-	105,663
Net income	71,664	10,291	81,955
Retained earnings, beginning of year	341,077	15,176	356,253
Retained earnings, end of year	\$ 412,741	\$ 25,467	\$ 438,208

The accompanying notes are an integral part of these financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF CASH FLOWS -  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1999

	Enterprise	Internal Service	Totals (Memorandum Only)
Cash flows from operating activities:			
Operating income (loss)	\$ (263,225)	\$ 10,291	\$ (252,934)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	7,383	439	7,822
Donated commodities used	116,035	-	116,035
Changes in net assets (increase) decrease and liabilities increase (decrease):			
Receivables, accounts and other	1,640	-	1,640
Due from other governments	(9,919)	-	(9,919)
Inventories and supplies	(1,252)	-	(1,252)
Accounts and contracts payable	4,970	(240)	4,730
Accrued salaries and benefits	4,967	-	4,967
Due to other governments	2,244	-	2,244
Interfund payable	(90,607)	-	(90,607)
Deferred revenue	(257)	-	(257)
Compensated absences	(1,395)	-	(1,395)
Total adjustments	33,809	199	34,008
Net cash provided by (used in) operating activities	(229,416)	10,490	(218,926)
Cash flows from non-capital financing activities:			
Interest	9,306	-	9,306
Intergovernmental	103,885	-	103,885
Operating transfers-in	105,663	-	105,663
Net cash provided by non-capital financing activities	218,854	-	218,854
Cash flows (used in) capital and related financing activities:			
Acquisition of fixed assets	(8,762)	(1,600)	(10,362)
Net cash (used in) capital and related financing activities	(8,762)	(1,600)	(10,362)
Net increase (decrease) in cash and cash equivalents	(19,324)	8,890	(10,434)
Pooled cash and cash equivalents, beginning of year	407,485	15,449	422,934
Pooled cash and cash equivalents, end of year	\$ 388,161	\$ 24,339	\$ 412,500

The accompanying notes are an integral part of these financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Strongsville City School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. DESCRIPTION OF THE ENTITY

The Strongsville City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Strongsville City School District is a city school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. Average daily membership (ADM) as of October 1, 1998, was 6,834. The District employed 491 certificated employees and 335 non-certificated employees.

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Strongsville City School District, this includes regular, vocational, and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and nonprogrammed services.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' governing board and 1) the District is able to significantly influence the programs or services performed or provided by the organization; or 2) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.



STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

A. DESCRIPTION OF THE ENTITY - (continued)

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for the entities nor are they fiscally dependent on the District.

Polaris Career Center - The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special needs of the students. The board of education consists of representatives from the board of each participating school district, independent of the Strongsville City School District. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Strongsville City School District students may attend the vocational school. Each School District's control is limited to its representation on the board.

Lake Erie Educational Computer Association - The Strongsville City School District participates in the Lake Erie Educational Computer Association (LEECA). LEECA provides data services needed by the participating school districts. This is a jointly governed organization. The District's participation is disclosed in Note 17 to the financial statements.

Ohio Schools Council Association - The Ohio Schools Council, which is composed of seventy school districts, was formed to purchase quality products and services at the lowest possible cost to the member districts. This is a jointly governed organization. The District's participation is disclosed in Note 17 to the financial statements.

Strongsville Education Foundation - The Strongsville City School Education Foundation was established to support and enhance educational opportunities for the youth of the Strongsville community. This is a jointly governed organization. The District's participation is disclosed in Note 17 to the financial statements.

Management believes the financial statements included in this report represent all of the funds of the Strongsville City School District over which the Strongsville City School District is financially accountable.

B. FUND ACCOUNTING

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. FUND ACCOUNTING - (continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - The general fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. FUND ACCOUNTING - (continued)

Proprietary Fund Type:

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Board of Education is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the Board of Education had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Fund Types:

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. These include expendable trust, nonexpendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The District has only Agency Funds.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in proprietary or trust funds.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental, expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is considered to be sixty days. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available, except for what is on hand with the county treasurer on the last day of the fiscal year. Such amount is recognized as revenue in the current period and as a reservation of fund balance. Other revenues susceptible to accrual are interest revenue and charges for services. Expenditures are recorded when the related fund liability is incurred.

The proprietary fund types are accounted for using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which they are incurred. As permitted, the board of education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following fiscal year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during the year.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. BUDGETARY PROCESS (continued)

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about July 1 of each year for the period of July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function, object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent year expenditures in Governmental Funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances.

STRONGSVILLE CITY SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. BUDGETARY PROCESS (continued)

The "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP basis) - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

	Excess of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(1,377,307)	\$ 315,229	\$ 433,413	\$ (6,615,001)
Adjustments:				
Revenue accruals	1,149,621	309,463	79,308	176,973
Expenditure accruals	<u>1,217,070</u>	<u>254,807</u>	<u>-</u>	<u>1,319,487</u>
GAAP basis	<u>\$ 989,384</u>	<u>\$ 879,499</u>	<u>\$ 512,721</u>	<u>\$ (5,118,541)</u>

E. POOLED CASH AND INVESTMENTS

For the purposes of the statement of cash flows, the District considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. The District pools its cash for investment and administration purposes. Deposit and investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments and other cash equivalents are neither charged when purchased nor credited at the time of redemption to their respective fund balances.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. RESTRICTED CASH

Restricted cash in the general fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State.

G. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables or interfund payables on the balance sheet.

H. INVENTORIES

Inventories are stated at the lower of cost (first in, first out) or market and consist of purchased food and commodities for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary fund types are expensed when used.

I. FIXED ASSETS

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District follows the policy of not capitalizing assets with a cost of less than \$ 500.

Depreciation of fixed assets in the proprietary fund types is computed using the straight line method over the estimated useful life.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, side walks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.



STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

J. COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation, severance, and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees is accrued as employees earn the rights to the benefits. The liability is calculated using the vesting method. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental funds compensated absences that are expected to be liquidated with expendable available resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in the General Long-term Debt Account Group.

In proprietary funds compensated absences are recorded as an expense and liability of the fund that will pay for them.

K. LONG-TERM OBLIGATIONS

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

L. FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods.

M. REBATABLE ARBITRAGE

Rebatable arbitrage is recorded as a reduction of interest revenue in the capital projects funds. The District had no rebatable arbitrage in fiscal year 1999.

STRONGSVILLE CITY SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

N. TOTALS - MEMORANDUM ONLY COLUMNS

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 - FUND EQUITY DEFICITS

Not apparent in the general purpose financial statements is a deficit fund balance of \$ 9,721 in the Title VIB Fund. This deficit fund equity balance at year end resulted from reflecting expenditures in accordance with the modified accrual basis which are substantially larger than the amounts recognized on the budget basis. The District, in accordance with its budget basis, will appropriate such expenditures from resources of the subsequent year.

NOTE 3 STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (cash basis) was as follows:

	<u>Reserves</u>			<u>Total</u>
	<u>Textbook</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>	
Balance, 7/1/98	\$ -	\$ -	\$ 241,626	\$ 241,626
Required set-aside	732,046	732,046	366,023	1,830,115
Offset credits	(100,060)	-	-	(100,060)
Qualifying expenditures	<u>(631,986)</u>	<u>(732,046)</u>	<u>-</u>	<u>(1,364,032)</u>
Balance, 6/30/99	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,649</u>	<u>\$ 607,649</u>

Expenditures for textbooks and capital activity during the year were \$ 1,255,213 and \$ 1,832,581, respectively, which exceeded the required set-aside and the reserve balance.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 4 DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

State statute classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the District's Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies may be invested in the following:

- 1.) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2.) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3.) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to daily, and that the term of the agreement must not exceed thirty days;
- 4.) Bonds and other obligations of the State of Ohio;

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 4 DEPOSITS AND INVESTMENTS - (continued)

A. LEGAL REQUIREMENTS - (continued)

- 5.) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 6.) The State Treasurer's investment pool (STAR Ohio); and
- 7.) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation of debt of the District, and must be purchased with the expectation that it will be held until maturity.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Strongsville City School District maintains a cash and investment pool used by various funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Pooled cash and equivalents."

B. DEPOSITS

At year-end, the carrying amount of the Strongsville City School District's deposits was \$ 1,247,817 and the bank balance was \$ 1,502,007, all of which was covered by federal depository insurance or by collateral held by a qualified third party trustee in the name of the Strongsville City School District.

STRONCSVILLE CITY SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 4 DEPOSITS AND INVESTMENTS - (continued)

C. INVESTMENTS

The District's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the District's name. The District's investments are in a liquid asset management account and are considered to be non-participating. Carrying value is at cost. Any difference between cost and fair value is considered to be immaterial. Investment in STAR Ohio, the State Treasurer's Investment Pool, is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category			Carrying value	Market value
	1	2	3		
Commercial paper notes	\$ -	\$ 744,493	\$ -	\$ 744,493	\$ 744,493
U.S. Government securities	-	-	4,561,765	4,561,765	4,572,077
Money Market Funds	-	-	-	44,584	44,584
Mutual Funds	-	-	-	364,968	364,968
Investment in State Treasurer's investment pool				<u>12,215,961</u>	<u>12,215,961</u>
				<u>\$17,931,771</u>	<u>\$17,942,083</u>

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Cuyahoga and Lorain Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999 are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$ 3,683,201 in the General Fund and \$ 313,501 in the Debt Service Fund.

STRONGSVILLE CITY SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 5 - PROPERTY TAXES - (continued)

The assessed values upon which fiscal year 1999 taxes were collected are:

	<u>1998 Second - Half Collections</u>		<u>1999 First - Half Collections</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Agricultural/Residential and Other Real Estate	\$ 913,802,530	88.45%	\$ 942,868,550	87.52%
Public Utility	43,897,920	4.25	43,376,130	4.03
Tangible Personal Property	<u>75,380,431</u>	<u>7.30</u>	<u>91,053,647</u>	<u>8.45</u>
Total Assessed Value	<u>\$1,033,080,881</u>	<u>100.00%</u>	<u>\$1,077,298,327</u>	<u>100.00%</u>
 Tax rate per \$ 1,000 of assessed valuation		<u>\$ 68.70</u>		<u>\$ 70.80</u>

NOTE 6 - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 1999</u>
Land and buildings	\$ 20,777,151	\$24,742,398	\$ -	\$ 45,519,549
Furniture and equipment	8,719,773	1,101,433	58,364	9,762,842
Vehicles	3,658,579	-	-	3,658,579
Text and library books	1,682,257	-	-	1,682,257
Construction in process	<u>20,342,701</u>	<u>-</u>	<u>20,342,701</u>	<u>-</u>
Total	<u>\$ 55,180,461</u>	<u>\$25,843,831</u>	<u>\$20,401,065</u>	<u>\$ 60,623,227</u>

During fiscal year ended June 30, 1999, construction in process was reclassified to land and buildings.

The following is a summary of proprietary fund type fixed assets at June 30, 1999:

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Machinery and equipment	\$ 441,701	\$ 2,195	\$ 443,896
Less accumulated depreciation	<u>263,129</u>	<u>558</u>	<u>263,687</u>
Net fixed assets	<u>\$ 178,572</u>	<u>\$ 1,637</u>	<u>\$ 180,209</u>

Machinery and equipment in the proprietary funds have estimated useful lives of 5 - 20 years.

STRONGSVILLE CITY SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 7 - LONG-TERM DEBT

Long-term obligations of the District as of June 30, 1999 were as follows:

General Long-Term Debt  
Account Group

	Balance <u>July 1, 1998</u>	<u>Additions</u>	<u>Retired</u>	Balance <u>June 30, 1999</u>
Bonds, 5.375%; matures 1999	\$ 400,000	\$ -	\$ 200,000	\$ 200,000
Bonds, 6.500%; matures 2010	3,380,000	-	260,000	3,120,000
Bonds, 6.950%; matures 2011	1,820,000	-	130,000	1,690,000
Bonds, 6.200%; matures 2015	3,185,000	-	120,000	3,065,000
Bonds, 3.750%; matures 2012	<u>23,969,742</u>	<u>-</u>	<u>720,000</u>	<u>23,249,742</u>
Total bonds	32,754,742	-	1,430,000	31,324,742
Due to other governments	393,603	442,700	393,603	442,700
Compensated absences	4,601,572	171,354	29,671	4,743,255
Retirement incentive plan	<u>311,170</u>	<u>584,044</u>	<u>350,269</u>	<u>544,945</u>
Total	<u>\$ 38,061,087</u>	<u>\$ 1,198,098</u>	<u>\$ 2,203,543</u>	<u>\$ 37,055,642</u>

Outstanding bonds consist of general obligation bonds for building issues. General obligation bonds are direct obligations of the District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District. General obligation bonds will be paid from the Debt Service Fund from property taxes. Due to other governments represents contractually required pension contributions and will be paid from the fund from which the employee is paid. Compensated absences will be paid from the fund from which the employee is paid. Retirement incentive will be paid from the general fund (see Note 13).

The annual requirements to amortize general obligation bonds outstanding as of June 30, 1999, are as follows:

Year End <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 1,555,000	\$ 1,604,965	\$ 3,159,965
2001	1,480,000	1,529,045	3,009,045
2002	1,615,000	1,451,205	3,066,205
2003	1,770,000	1,364,877	3,134,877
2004	1,224,742	2,007,555	3,232,297
2005-2009	11,910,000	4,928,489	16,838,489
2010-2014	11,490,000	1,382,364	12,872,364
2015	<u>280,000</u>	<u>8,400</u>	<u>288,400</u>
Totals	<u>\$ 31,324,742</u>	<u>\$ 14,276,900</u>	<u>\$ 45,601,642</u>



STRONGSVILLE CITY SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 8 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 1999, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 700	\$ -
Agency Funds		
Outdoor Education	-	700
Total	<u>\$ 700</u>	<u>\$ 700</u>

NOTE 9 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds which are intended to be self-supporting through user fees charged for services to the students. Financial segment information as of and for the fiscal year ended June 30, 1999 is presented below.

	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Special Enterprise</u>	<u>Total Enterprise</u>
Operating revenues	\$ 1,150,850	\$ 476,811	\$ 92,909	\$ 1,720,570
Operating expenses				
Salaries and wages	510,240	-	29,029	539,269
Fringe benefits	236,984	-	7,249	244,233
Contractual services	19,522	-	49,973	69,495
Materials and supplies	607,356	294,215	7,282	908,853
Other	-	213,049	1,513	214,562
Depreciation	5,397	120	1,866	7,383
	<u>1,379,499</u>	<u>507,384</u>	<u>96,912</u>	<u>1,983,795</u>
Operating (loss)	<u>(228,649)</u>	<u>(30,573)</u>	<u>(4,003)</u>	<u>(263,225)</u>
Nonoperating revenue	<u>229,226</u>	<u>-</u>	<u>-</u>	<u>229,226</u>
Operating transfers-in	<u>36,607</u>	<u>69,056</u>	<u>-</u>	<u>105,663</u>
Net income (loss)	<u>\$ 37,184</u>	<u>\$ 38,483</u>	<u>\$ (4,003)</u>	<u>\$ 71,664</u>
Other information				
Net working capital	<u>\$ 75,657</u>	<u>\$ 122,706</u>	<u>\$ 62,093</u>	<u>\$ 260,456</u>
Fixed assets, additions	<u>\$ 8,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,762</u>
Total assets	<u>\$ 407,371</u>	<u>\$ 145,293</u>	<u>\$ 65,959</u>	<u>\$ 618,623</u>
Total equity	<u>\$ 224,516</u>	<u>\$ 122,946</u>	<u>\$ 65,279</u>	<u>\$ 412,741</u>

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 10- COMPENSATED ABSENCES

Sick Leave

Each full time professional staff member is entitled to fifteen days sick leave with pay for each year under contract and accrues sick leave at the rate of one and one-fourth days for each calendar month under contract. Sick leave is cumulative for members of the Strongsville Educators Association (SEA) up to 365 days. Sick leave is cumulative for members of the local chapter of the Ohio Association of Public School Employees (OAPSE) up to 280 days.

Service Retirement

Certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on their daily rate of pay times the value of the employee's eligible accrued but unused sick leave days. Service retirement is payable at 30% not to exceed 115 days for fifteen years of service (ten years with the Strongsville City School District) and 30% not to exceed 130 days for twenty years of service (fifteen years with the Strongsville City School District).

Non-certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is 30% of the employee's accumulated but unused sick leave computed at the employee's per diem rate of pay at the last date of employment.

Administration employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. All members of the Leadership Team who have no less than three years service in the Strongsville City School District will be paid a lump sum equal to 30% of the value of accrued but unused sick leave, to a maximum of 133 days for a 215 day contract employee and 142 days for a 260 day contract employee. Such payment shall be based on the employee's daily rate of pay at the time of resignation from the Strongsville City School District.

Severance Pay

Non-certified employees are eligible for severance pay after the Board of Education accepts the employee's retirement. Severance pay is based on 30% of the employee's accumulated but unused sick leave times their per diem rate of pay at the last date of employment. No supplemental pay shall be used in the computation of severance pay.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 10- COMPENSATED ABSENCES (continued)

Certified employees are eligible for severance pay upon the employee's death, resignation or retirement. In the event of retirement or death, severance pay shall be equal to the value of 30% of the teacher's accumulated but unused sick leave not to exceed 115 days. In the event of resignation or death with a minimum of fifteen years (ten years in Strongsville), severance pay shall be equal to the value of 30% of the teacher's accumulated but unused sick leave not to exceed 115 days. In the event of resignation or death with a minimum of twenty years (fifteen years in Strongsville), severance pay shall be equal to the value of 30% of the teacher's accumulated but unused sick leave not to exceed 130 days. The value shall be computed at the teacher's per diem rate of pay at the last date of employment. No supplemental pay shall be used in the computation of severance pay.

Administration employees are eligible for severance pay after the Board of Education accepts the employee's resignation. Administration employees who have a minimum of three years service in the Strongsville City School District will be paid a lump sum equal to 30% of the value of accrued but unused sick leave, to a maximum of 133 days for a 215 day contract employee and 142 days for a 260 day contract employee. Such payment shall be based on the employee's daily rate of pay at the time of severance from the Strongsville City School District.

NOTE 11 - PENSION AND RETIREMENT PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustment, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9.0% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14.0% of covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the years ended June 30, 1999, 1998, and 1997 were \$ 1,700,000, \$ 1,541,800, and \$ 1,411,900, respectively. The full amount has been contributed for 1998 and 1997. For 1999, 64% has been contributed with the remainder being reported as a fund liability and within the general long-term debt account group.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 11 - PENSION AND RETIREMENT PLANS (continued)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute 14.0%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10.0% for members and 14.0% for employers. The School District's contributions to STRS for the years ended June 30, 1999, 1998, and 1997, were \$ 5,311,900, \$ 4,910,000, and \$ 4,604,500, respectively. The full amount has been contributed for 1998 and 1997. For 1999, 88% has been contributed with the remainder being reported as a fund liability.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired non-certificated employees and their dependents through the School Employees Retirement System and to retired teachers and their dependents through the State Teachers Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute.

A. School Employees Retirement System

The Ohio Revised Code gives the School Employees Retirement System (SERS) the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. At July 1, 1998 (the latest information available) the allocation rate is 6.3% of covered payroll, an increase from 4.98% for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1998, the minimum pay has been established as \$ 12,400.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (continued)

A. School Employees Retirement System (continued)

The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 (latest information available) were \$ 111,900,575 and the target level was \$ 139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits was \$ 160.3 million.

The number of participants receiving health care benefits is approximately 50,000. The portion of the District's contributions that were used to fund postemployment benefits amounted to \$ 687,600.

B. State Teachers Retirement System

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Health care benefits are financed on a pay as you go basis.

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.

For fiscal year ended June 30, 1999, the Board allocated employer contributions equal to 8.0% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$ 2,156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, the net health care costs paid by STRS were \$ 219,224,000. There were 91,999 eligible benefit recipients.

NOTE 13 - RETIREMENT INCENTIVE PLAN

The Strongsville City Board of Education adopted an Early Retirement Incentive Plan for all certificated staff who are members of the State Teachers Retirement System. This plan is in effect beginning August 1, 1997 and will continue through July 31, 2002. Participation is open to all eligible certificated personnel. The Board shall pay the cost of a maximum of three years of eligible service credit or one-fifth of each member's total eligible service credit, whichever is less. Participants in this plan are eligible to receive the total number of years of service credit allowable and not just the minimal number needed to qualify for retirement. Each teacher who elects to participate in this Early Retirement Incentive Plan shall receive their severance pay in three equal installments beginning in January of the year following the teacher's retirement.

STRONGSVILLE CITY SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 14 - OHIO SCHOOL FUNDING PLAN

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During fiscal year ended June 30, 1999, the District received \$ 7,980,400 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas of the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

At this time, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 15 - OPERATING LEASE

The District is obligated under a certain lease accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreement are not reflected in the District's account groups. During 1999, expenditures for operating leases totaled \$ 32,400. The following is a schedule by years of future minimum rental payments required under the operating lease as of June 30, 1999:

Year ending June 30,	<u>Amounts</u>
2000	\$ 32,400
2001	32,400
2002	<u>10,800</u>
Total minimum payments	<u>\$ 75,600</u>

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 1999, the District contracted with Crum & Forster for property insurance. CNA Insurance covers boiler and machinery at \$ 30,000,000 single occurrence and \$ 1,000 deductible. Crime policy for employee dishonesty, forgery and altercation is covered by Ohio Casualty Insurance Co. with a \$ 250,000 limit and \$ 1,000 deductible. Liability is protected by Nationwide/Wausau Insurance Company with a \$ 5,000,000 annual aggregate/\$ 1,000,000 single occurrence limit and no deductible. Vehicles are covered by Nationwide/Wausau Insurance Company and hold a \$ 50 deductible for comprehensive and a \$ 250 deductible for collision. Automobile liability has a \$ 2,000,000 combined single limit of liability. The District provides medical, dental and life insurance to employees through commercial insurance coverage. There has not been any significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage in any of the preceding three years.

The District participates in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co., provides administrative, cost control and actuarial services to the GRP.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Lake Erie Education Computer Association

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 1999 the District paid approximately \$ 61,500 to LEECA for basic charges.

B. Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among eighty-three school districts. This jointly governed organization was formed to purchase quality products and services at the lowest possible cost to member districts. The Council sponsors an insurance purchasing plan, the Cooperative Purchasing Program and a natural gas purchasing program in which the District participates. Each school district supports the Council by paying a one time fee of \$ 500 and certain annual participation fees. The Council's Board consists of seven superintendents of the participating school districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Joseph Lesak, the Executive Secretary of the Ohio Schools Council at 6376 Mill Road, Broadview Heights, Ohio 44147.

The District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$ 119,140,000 in debt to prepurchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.



STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (continued)

C. Strongsville Education Foundation

The Strongsville City School Foundation (Foundation) is a jointly governed organization established by the Ohio Revised Code to support and enhance educational opportunities for the youth of the Strongsville community. The Foundation Board of Trustees consists of at least three but not more than seventeen trustees. The current Superintendent of the Strongsville City Schools shall be on the Board of Trustees and serve as Executive Director. At least one Trustee shall be a member of the Board of Education of the Strongsville City School District. A majority of the Trustees shall at all times be persons other than "substantial contributors," as defined in Section 507(d)(2) of the Internal Revenue Code. Each Trustee has one vote. The board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities.

NOTE 18 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although management expects such amounts, if any, to be immaterial.

The District is party to legal proceedings. The District management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

NOTE 19 - CONTRACTUAL COMMITMENTS

As of June 30, 1999 the District has contractual commitments of approximately \$ 50,000 related primarily to track improvements for the middle school.

NOTE 20 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations.

The Strongsville City School District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll, employee benefits, equipment inventory, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 20 - YEAR 2000 ISSUE (continued)

The District uses the State of Ohio Uniform Accounting System software for its financial reporting, the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits, and the State of Ohio Equipment Inventory System software for its equipment inventory. The State is responsible for remediating these systems. The Lake Erie Education Computer Association State Software Development Team has indicated that:

"The payroll processing software with OCEN Software is compliant with the year 2000 beginning with the September 1997 release of USPS V4.0"

The accounting software supported with OCEN State Software will be compliant with the year 2000, beginning with the June 1998 release of USAS V6.1"

The education management information systems software supported with the OCEN State Software will be compliant with the year 2000, beginning with the September release of EMIS V1.7"

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes significant amounts of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Cuyahoga and Lorain Counties collect property taxes for distribution to the District. Cuyahoga and Lorain Counties are responsible for remediating their tax collection systems.

The Cleveland Electric Illuminating Company (CEI) provides the electric to the District. The District has not obtained assurances from CEI regarding remediating this system. CEI is responsible for remediating this system and is solely responsible for any costs associated.

The City of Cleveland provides water and sewer services to the District, and Columbia Gas provides gas services. The City of Cleveland and Columbia Gas are responsible for remediating these systems and are solely responsible for any costs associated.

The District has completed testing and validation of the computer systems, fire systems, boiler controls, test equipment, automatic gate door and lift controls, and a variety of other micro processing devices.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

STRONGSVILLE CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY, OHIO  
 Schedule of Federal Awards Expenditures  
 For Fiscal Year Ended June 30, 1999 (A)

Federal Grantor Pass-Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed Through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
Food Distribution (B)	N/A	10.550		\$222,072		\$218,097
National School Lunch Program	044842 03/04-PU-00	10.555	90,836		90,836	
<i>Total U.S. Department of Agriculture - Child Nutrition Cluster</i>			<u>\$90,836</u>	<u>\$222,072</u>	<u>\$90,836</u>	<u>\$218,097</u>
<u>U.S. Department of Education</u>						
<i>Passed Through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education- Title VIB	044842-6B-SF-98P	84.027	\$27,108		\$43,688	
Special Education- Title VIB	044842-6B-SF-98P	84.027	(9,436)		0	
Special Education- Title VIB	044842-6B-SF-99P	84.027	288,063		271,998	
Subtotal			<u>305,735</u>		<u>315,686</u>	
Special Education-Pre-School	044842-PG-S1-98P	84.173	0		3,192	
Special Education-Pre-School	044842-PG-S1-99P	84.173	24,843		18,897	
Subtotal			<u>24,843</u>		<u>22,089</u>	
<i>Total Special Education Cluster</i>			<u>\$330,578</u>		<u>\$337,775</u>	
Grants to Local Educational Agencies						
Title I FY 98	044842-C1-S1-98C	84.010	0		15,051	
Title I FY 98 Carryover	044842-C1-S1-98C	84.010	11,945		0	
Title I FY 99	044842-C1-S1-99	84.010	114,387		101,398	
Subtotal			<u>126,332</u>		<u>116,449</u>	
Title II FY 97	044842-MS-S1-97C	84.281	(312)		447	
Title II FY 98	044842-MS-43-98	84.281	0		9,292	
Eisenhower Professional Development	044842-MS-S4-98P	84.281	(484)		806	
Eisenhower Professional Development	044842-MS-S1-99	84.281	19,008		10,384	
Subtotal			<u>18,212</u>		<u>20,929</u>	
Adult Education						
ABLE FY 97 Carryover	044842-AB-S1-97C	84.002	(44)		192	
ABLE FY 98 Carryover	044842-AB-S1-98	84.002	0		4,609	
Adult Basic Education FY 99	044842-AB-S1-99	84.002	23,590		23,590	
Subtotal			<u>23,546</u>		<u>28,391</u>	
Innovative Educational Program						
Title VI Innovative Ed FY 97	044842-C2-S1-97C	84.298	(201)		492	
Title VI Innovative Ed FY 98	044842-C2-S1-98	84.298	(368)		676	
Title VI Innovative Ed FY 99	044842-C2-S1-99	84.298	28,401		27,612	
Subtotal			<u>27,832</u>		<u>28,780</u>	
Emergency Immigrant Education FY 98	044842-E1-S1-00	84.162	0		4	
Emergency Immigrant Education FY 99	044842-E1-S1-00	84.162	4,221		4,221	
Subtotal			<u>4,221</u>		<u>4,225</u>	
Drug Free Schools FY 98	044842-DR-S1-98	84.186	3,562		5,687	
Drug Free Schools FY 99	044842-DR-S1-99	84.186	34,689		29,141	
Subtotal			<u>38,251</u>		<u>34,828</u>	

STRONGSVILLE CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY, OHIO  
 Schedule of Federal Awards Expenditures  
 For Fiscal Year Ended June 30, 1999 (A)

Federal Grantor Pass-Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>Goals 2000</b>						
Family & School Partnership Grant	044842-G2-S4-00	84.276	3,000		134	
Continuous Improvement Development	044842-G2-S2-99	84.276	20,000		76	
Subtotal			<u>23,000</u>		<u>210</u>	
Total U. S. Department of Education			<u>\$591,972</u>	<u>0</u>	<u>\$571,587</u>	<u>0</u>
<b>National Science Foundation</b>						
<i>Direct Grant</i>						
Education and Human Resources Grant	ESI-95-54072	47.076	<u>0</u>		<u>2,230</u>	
Total Federal Assistance			<u>\$682,808</u>	<u>\$222,072</u>	<u>\$664,653</u>	<u>\$218,097</u>

**STRONGSVILLE CITY SCHOOL DISTRICT  
FISCAL YEAR ENDED JUNE 30, 1999**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A — SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B — FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1998, the District had no significant food commodities in inventory.

CFDA - Catalog of Federal Domestic Assistance

N/A - Not available



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Lausche Building, 12th Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113

Telephone 216-787-3665  
800-626-2297

Facsimile 216-787-3361  
www.auditor.state.oh.us

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Education  
Strongsville City School District  
13200 Pearl Rd.  
Strongsville, Ohio 44136

We have audited the financial statements of the Strongsville City School District (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 3, 1999.

Strongsville City School District  
Report on Compliance and on Internal Control Required  
by Government Auditing Standards  
Page 2

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**JIM PETRO**  
Auditor of State

December 3, 1999



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Lausche Building, 12th Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113  
Telephone 216-787-3665  
800-626-2297

Facsimile 216-787-3361  
www.auditor.state.oh.us

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education  
Strongsville City School District  
13200 Pearl Rd.  
Strongsville, Ohio 44136

**Compliance**

We have audited the compliance of the Strongsville City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we *plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program*. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



Strongsville City School District  
Report on Compliance With Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance  
In Accordance With OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 3, 1999.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**JIM PETRO**  
Auditor of State

December 3, 1999

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505

STRONGSVILLE CITY SCHOOL DISTRICT  
FINANCIAL AUDIT  
CUYAHOGA COUNTY  
JUNE 30, 1999

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
----------------------------------------

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program:	Title I - CFDA #84.010 Title VI-B - CFDA # 84.027 Title VI-B Preschool - CFDA # 84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**SCHEDULE OF FINDINGS**  
*OMB CIRCULAR A -133 § .505*

**STRONGSVILLE CITY SCHOOL DISTRICT**  
**FINANCIAL AUDIT**  
**CUYAHOGA COUNTY**  
**JUNE 30, 1999**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**NONE**

**3. FINDINGS FOR FEDERAL AWARDS**

**NONE**



**PART I GENERAL INFORMATION - Continued**

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)  
 1  Cognizant agency    2  Oversight agency

9. Name of Federal cognizant or oversight agency for audit (Mark (X) one box)

01 <input type="checkbox"/> African Development Foundation	83 <input type="checkbox"/> Federal Emergency Management Agency	16 <input type="checkbox"/> Justice	08 <input type="checkbox"/> Peace Corps
02 <input type="checkbox"/> Agency for International Development	34 <input type="checkbox"/> Federal Mediation and Conciliation Service	17 <input type="checkbox"/> Labor	59 <input type="checkbox"/> Small Business Administration
10 <input type="checkbox"/> Agriculture	39 <input type="checkbox"/> General Services Administration	43 <input type="checkbox"/> National Aeronautics and Space Administration	96 <input type="checkbox"/> Social Security Administration
11 <input type="checkbox"/> Commerce	93 <input type="checkbox"/> Health and Human Services	89 <input type="checkbox"/> National Archives and Records Administration	19 <input type="checkbox"/> State
94 <input type="checkbox"/> Corporation for National and Community Service	14 <input type="checkbox"/> Housing and Urban Development	05 <input type="checkbox"/> National Endowment for the Arts	20 <input type="checkbox"/> Transportation
12 <input type="checkbox"/> Defense	03 <input type="checkbox"/> Institute for Museum Services	06 <input type="checkbox"/> National Endowment for the Humanities	21 <input type="checkbox"/> Treasury
84 <input type="checkbox"/> Education	04 <input type="checkbox"/> Inter-American Foundation	47 <input checked="" type="checkbox"/> National Science Foundation	82 <input type="checkbox"/> United States Information Agency
81 <input type="checkbox"/> Energy	15 <input type="checkbox"/> Interior	07 <input type="checkbox"/> Office of National Drug Control Policy	64 <input type="checkbox"/> Veterans Affairs
66 <input type="checkbox"/> Environmental Protection Agency			<input type="checkbox"/> Other - Specify:

**PART II FINANCIAL STATEMENTS (To be completed by auditor)**

1. Type of audit report (Mark (X) one box)  
 1  Unqualified opinion    2  Qualified opinion    3  Adverse opinion    4  Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report?    1  Yes    2  No

3. Is a reportable condition disclosed?    1  Yes    2  No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness?    1  Yes    2  No

5. Is a material noncompliance disclosed?    1  Yes    2  No

**PART III FEDERAL PROGRAMS (To be completed by auditor)**

1. Type of audit report on major program compliance  
 1  Unqualified opinion    2  Qualified opinion    3  Adverse opinion    4  Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs § .520(b)?  
 \$ 300,000

3. Did the auditee qualify as a low-risk auditee (§ .530)?  
 1  Yes    2  No

4. Are there any audit findings required to be reported under § .510(a)?  
 1  Yes    2  No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

01 <input type="checkbox"/> African Development Foundation	83 <input type="checkbox"/> Federal Emergency Management Agency	16 <input type="checkbox"/> Justice	08 <input type="checkbox"/> Peace Corps
02 <input type="checkbox"/> Agency for International Development	34 <input type="checkbox"/> Federal Mediation and Conciliation Service	17 <input type="checkbox"/> Labor	59 <input type="checkbox"/> Small Business Administration
10 <input type="checkbox"/> Agriculture	39 <input type="checkbox"/> General Services Administration	43 <input type="checkbox"/> National Aeronautics and Space Administration	96 <input type="checkbox"/> Social Security Administration
11 <input type="checkbox"/> Commerce	93 <input type="checkbox"/> Health and Human Services	89 <input type="checkbox"/> National Archives and Records Administration	19 <input type="checkbox"/> State
94 <input type="checkbox"/> Corporation for National and Community Service	14 <input type="checkbox"/> Housing and Urban Development	05 <input type="checkbox"/> National Endowment for the Arts	20 <input type="checkbox"/> Transportation
12 <input type="checkbox"/> Defense	03 <input type="checkbox"/> Institute for Museum Services	06 <input type="checkbox"/> National Endowment for the Humanities	21 <input type="checkbox"/> Treasury
84 <input type="checkbox"/> Education	04 <input type="checkbox"/> Inter-American Foundation	47 <input type="checkbox"/> National Science Foundation	82 <input type="checkbox"/> United States Information Agency
81 <input type="checkbox"/> Energy	15 <input type="checkbox"/> Interior	07 <input type="checkbox"/> Office of National Drug Control Policy	64 <input type="checkbox"/> Veterans Affairs
66 <input type="checkbox"/> Environmental Protection Agency			00 <input checked="" type="checkbox"/> None
			<input type="checkbox"/> Other - Specify:

**PART III FEDERAL PROGRAMS - Continued**

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			7. AUDIT FINDINGS AND QUESTIONED COSTS				
CFDA number <sup>1</sup> (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement <sup>2</sup> (b)	Amount of questioned costs (c)	Internal control findings <sup>3</sup> (d)	Audit finding reference number(s) (e)
10.555	National School Lunch Program	\$ 90,836	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
10.550	Food Distribution	\$ 218,097	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.027	Special Education_Grants to States	\$ 315,686	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.173	Special Education- Preschool	\$ 22,089	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.010	Title I Grants to Local Educational Agencies	\$ 116,449	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.281	Eisenhower Professional Development State Grants	\$ 20,929	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.002	Adult Education_State Grant Program	\$ 28,391	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.298	Innovative Education Program Strategies	\$ 28,780	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.162	Immigrant Education	\$ 4,225	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.186	Safe and Drug-Free Schools and Communities_State Grants	\$ 34,828	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED -&gt;</b>		<b>\$ Continued</b>	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

47

<sup>1</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.

<sup>2</sup> Type of compliance requirement (Enter the letter(s) of all that apply to audit findings and questioned costs reported for each Federal program.)

- |                                           |                                                        |                                 |
|-------------------------------------------|--------------------------------------------------------|---------------------------------|
| A. Activities allowed or unallowed        | G. Matching, level of effort, earmarking               | L. Reporting                    |
| B. Allowable costs/cost principles        | H. Period of availability of funds                     | M. Subrecipient monitoring      |
| C. Cash management                        | I. Procurement                                         | N. Special tests and provisions |
| D. Davis - Bacon Act                      | J. Program income                                      | O. None                         |
| E. Eligibility                            | K. Real property acquisition and relocation assistance |                                 |
| F. Equipment and real property management |                                                        |                                 |

<sup>3</sup> Type of internal control findings (Mark (X) all that apply)

- |                        |                          |                  |
|------------------------|--------------------------|------------------|
| A. Material weaknesses | B. Reportable conditions | C. None reported |
|------------------------|--------------------------|------------------|

**PART III FEDERAL PROGRAMS - Continued**

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			7. AUDIT FINDINGS AND QUESTIONED COSTS				
CFDA number <sup>1</sup> (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement <sup>2</sup> (b)	Amount of questioned costs (c)	Internal control findings <sup>3</sup> (d)	Audit finding reference number(s) (e)
84.276	Goals 2000_State and Local Education Systemic Improvement	\$ 210	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
47.076	Education and Human Resources	\$ 2,230	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
<b>TOTAL FEDERAL AWARDS EXPENDED -&gt;</b>		\$ 882,750	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

48

<sup>1</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.

<sup>2</sup> Type of compliance requirement (Enter the letter(s) of all that apply to audit findings and questioned costs reported for each Federal program.)

- |                                           |                                                        |                                 |
|-------------------------------------------|--------------------------------------------------------|---------------------------------|
| A. Activities allowed or unallowed        | G. Matching, level of effort, earmarking               | L. Reporting                    |
| B. Allowable costs/cost principles        | H. Period of availability of funds                     | M. Subrecipient monitoring      |
| C. Cash management                        | I. Procurement                                         | N. Special tests and provisions |
| D. Davis - Bacon Act                      | J. Program income                                      | O. None                         |
| E. Eligibility                            | K. Real property acquisition and relocation assistance |                                 |
| F. Equipment and real property management |                                                        |                                 |

<sup>3</sup> Type of internal control findings (Mark (X) all that apply)

- |                        |                          |                  |
|------------------------|--------------------------|------------------|
| A. Material weaknesses | B. Reportable conditions | C. None reported |
|------------------------|--------------------------|------------------|



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building, 12th Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113

Telephone 216-787-3665  
800-626-2297

Facsimile 216-787-3361  
www.auditor.state.oh.us

STRONGSVILLE CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: Susan Babbitt

Date: JAN 06 2000